

CORRESPONDENCE/MEMORANDUM

State of Wisconsin

DATE: May 11, 1995

FILE REF:

TO: Paul Didier - SW/3

Attachment II

FROM: Dennis Mack - SW/3

SUBJECT: Reorganization

In the last month or so, I've seen several district memos to you emphasizing the "opportunity" we currently have to decentralize Solid Waste plan review. I've also heard and read enough statements from other folks about its impending inevitability, that I don't believe I can wait to provide my thoughts. I know your time is valuable, so I've tried to make my case candidly and succinctly. I hope you'll give this a thorough read and ask that we be able to meet with ~~you~~ you prior to any decision which would significantly change our current plan review procedures. Rhetoric aside, here are the points I believe must be considered in any such decision:

Decentralization is not a cure-all and is appropriate only for certain functions performed by an organization.

In the early 1980s, decentralization was the hottest fad going. It was pushed by business consultants and professors alike as the solution to all organizational problems. A dozen or so years later, we know better. Decentralization is now widely viewed as expensive and appropriate for only certain functions performed by organizations.

Many companies that took the leap in the 1980s are now recentralizing and finding this process far more difficult to accomplish than decentralization was. (Attached is one of many articles I've seen addressing these issues.) Let's learn from the experience of others, rather than spend the next decade or longer proving this lesson to ourselves.

Landfill plan review has a highly specialized and sophisticated customer base.

Several district comments said experience has shown that the best service is local, and that the authority to approve plans must be as close to the customer as possible. If the subject is fishing licenses, burning permits, yard waste composting, or frankly, many other Department activities, I agree. However, for landfill siting and design issues, our customer is not the same person looking for a fishing license or even the town chairman looking to establish a yard waste composting facility.

Our interactions are typically with sophisticated engineering consultants, county solid waste managers, or representatives of large corporations. For these folks, geographical proximity to reviewers of their plans is way down on their list of priorities. They care most about dealing with staff on the same knowledge level and with regulations that are understandable and consistently applied. Experience has also shown that the Solid Waste Management Section is best able to maintain the necessary "arms-length" relationships with applicants and opponents alike, and to avoid consistency problems which plague many decentralized activities.



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The Solid Waste Program has little to gain by decentralizing its plan review; however, our Program, as well as the ERR and HW Programs, have much to lose.

As mentioned in district comments, our Solid Waste Program has enjoyed national acclaim as one of, if not the best. A major contributing factor to any ongoing successful organization is a clear understanding of why it has enjoyed success. This is particularly critical when considering significant changes to its method of operation. Based on my 14-plus years of direct experience, I can tell you that our success and national recognition is primarily due to the expertise developed and maintained over the years in our pool of central office technical staff and the design standards, procedures, and detailed reviews developed and performed by them. Despite improvements in communication technology, this level of expertise will wilt if technical staff are scattered around the State.

Furthermore, the standards and procedures developed by this pool are major foundations of both the ERR Program and Hazardous Waste. To the extent that decentralization has succeeded in these programs, it is in no small part due to this foundation as well as the continued access that staff in these programs have to the technical pool in the Solid Waste Management Section. I can't begin to tell you the number of requests for assistance I receive from these programs, particularly ERR. They range from formal requests for full SWMS staff participation in a project, to half-hour conversations in my cubicle on the proper design of a gas extraction system or the choice of a proper final cover system. Staff in these programs seek us out because we have directly applicable experience with the problems they are wrestling with. Because of the experience and information sharing in our centralized pool, we are also able to help these programs respond to questionable proposals and spurious arguments presented by consultants. In summary, the negative consequences associated with breaking up this pool would be great and would extend well beyond our Solid Waste Program.

Supervisors of staff performing detailed plan review should have appropriate qualifications.

District unit leaders and program supervisors are committed, talented people with decades of experience, and I personally like each one of them. I'm also confident they possess many skills which I do not. However, they do not have experience performing detailed engineering plan review for landfills. To my knowledge, only one has a relevant educational background and is a registered professional engineer. This is contrasted with the central office unit leaders with relevant education, professional registration, and over 60 years experience performing and supervising this work.

Furthermore, in my five years as Design and Construction Unit Leader, district supervisors have had very little involvement with solid waste landfill plan review. By my estimation, I average talking to any one of them on either general or site specific landfill plan review issues far less than once per year. Our Section's technical staff also report little interaction with district supervisors, unless involved in a politically controversial project. Again, this is not criticism, because I know that they have many other roles to fulfil. I raise these points only to illustrate that they are not close to the work we perform.

I also believe that recent proposals to largely rely on whatever consultants propose, arbitrarily limit approvals to a certain number of pages, or rely on groundwater performance standards (rather than focus on pollution prevention), support my contention that they are removed from our program. Everyone in the Solid Waste Program has an important role to play, but we are not all interchangeable. Conversely, if we believe that supervisors of staff

performing technical work do not need appropriate qualifications, perhaps the qualifications of staff aren't critical either, and we don't need engineers or hydrogeologists.

Consistency and our ability to pursue enforcement would suffer under decentralized plan review.

In the last few years, I've been involved in several significant enforcement cases involving landfills. I can't overemphasize the significance that consistency plays in such situations and the importance of someone such as myself or Paul Huebner being able to take the stand and state unequivocally that "This is the way it's done statewide." Under decentralized plan review not only would it be difficult to maintain consistency, but it would be near impossible for anyone to be able to make such a statement since one individual would not know for a fact that they were stating the truth.

Decentralized plan review staff would be isolated and less able to deal with workload fluctuations and staffing issues.

A decentralized plan review team in a district would be far less able to deal with fluctuating workload priorities, staff turnover, family leave, or extended illness than our current pool of technical review staff located in the central office. The importance of flexibility to deal with workload issues is acknowledged in the districts' memos. I'm also concerned that if additional technical positions from the SWMS were decentralized, they would be diverted to work in other programs as has previously occurred.

Before concluding, I'd like to make two final points. First, in no way am I implying that adjustments to our current way of performing plan review should not be considered or made. In fact, several of the ideas for change mentioned in the districts' memos are from the Solid Waste Section unit leaders' March 3, 1995 memo to you, and were incorporated in our draft code revisions months ago. (Gene Mitchell reviewed these at the May 3rd. Program Supervisors' Meeting in Eau Claire.)

Second, in a few months, I will have worked in the Solid Waste Program for 15 years. Since I started in 1980, every encounter I have had with district folks has been colored to varying degrees by this tension over decentralization. Sometimes it's subtle or joked about, other times it's blatant and immediately hinders accomplishment of the work at hand. For the health of both district and central office employees and the Solid Waste Program as a whole, it's time to end it. We should commit either to decentralize plan review or not decentralize it, and we should unequivocally define work responsibilities and lines of authority between the districts and central office.

Thanks for listening, and I welcome comments.

enclosure

cc: George Meyer - AD/5
Susan Sylvester - AD/5

Kevin Kessler - SW/3
Lakshmi Sridharan - SW/3

Decentralized Management Can Have Its Drawbacks

By GILBERT FUCHSBERG

Staff Reporter of THE WALL STREET JOURNAL
If decentralized management is increasing popular among corporations, it also has its dark side.

Consider this cautionary tale: KFC envisioned tastier food and happier customers when it kicked off a quality-improvement drive for its 2,000 company-owned restaurants two years ago. Instead, it got a bureaucratic mess—including three different plans to improve service nationwide.

The chain's autonomous regional divisions failed to coordinate their efforts. "There was so much redundancy [that] the process became dysfunctional," says Edward A. Meagher III, a vice president of the PepsiCo Inc. unit.

Facing the same problem, a growing number of U.S. companies are now reasserting central authority over a range of corporate activities.

To be sure, getting "close to the customer" by shifting power away from headquarters is an idea that continues to gain popularity in many companies, including multinationals that are transferring global business units abroad. But numerous companies find that increased

autonomy can create "a different set of problems," says Bill Eaton, a senior vice president and chief information officer of Levi Strauss & Co.

Mr. Eaton is now replacing six separate order-processing computer systems with one system under centralized control. The systems resulted from the clothing maker's creation of separate business units around different product lines in the early 1980s. Levi Strauss reversed that move partly because many retailers complained that they had to deal with a plethora of different divisions—each with its own procedures—to buy the company's goods, Mr. Eaton says.

KFC is trying to better orchestrate and control its divisions' joint projects. Division executives began working more closely this past spring and now contribute delegates to teams from several divisions. "Projects are coming to conclusion faster. There's better communication, expectations are more realistic and we're saving money," Mr. Meagher says.

Companies still want to decentralize operations closest to customers—those actually making and marketing products—because they realize they must be more nimble in the marketplace," says Jim

Down, who directs the Boston office of Mercer Management Consulting Inc. But at the same time, companies are consolidating less visible internal functions such as personnel, "where there can be massive economies of scale," says John J. Parkington, who heads organizational research for consultants Wyatt Co. in New York.

Late last year, International Business Machines Corp. unveiled a major restructuring that essentially split itself into more than a dozen largely autonomous companies. As part of that move, IBM even plans to publicly report separate financial results for each operation.

Simultaneously, IBM created two centrally run entities that took over a host of staff and activities from the newly independent divisions. One, called Employment Solutions, recruits and screens prospective employees. The other, Workplace Solutions, handles benefits processing and other personnel-administration matters—by toll-free numbers rather than personal contact. The new entities mainly serve IBM but also market their services to other corporations.

"These two organizations consolidate what were disparate groups of people

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Firms Find That Decentralization Can Have Some Major Drawbacks

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who were all doing the same thing at different locations, as though they were by themselves," an IBM spokesman says. As a result, IBM slashed about 400 "duplicate" jobs just from the consolidation that created Workplace Solutions, which now employs 1,400.

Indeed, saving money is a major motive for decentralizing, particularly in tough times. McDonnell Douglas Corp. cites reduced defense spending as the main reason for its recent consolidation of college recruiting efforts. As many as five different recruiting teams, each from different units, used to visit the same schools. "We saw there was a great duplication of effort

utive of Forum Corp., a Boston-based training concern. "You don't reduce costs by dividing the problem up and shipping it out of town."

Besides cost-cutting, another motive for centralization is the need for a companywide focal point. Avery Dennison Corp., an office-supplies maker in Pasadena, Calif., has about 60 largely independent divisions. The company recently created a central office to spearhead a corporate drive to improve customer service.

The campaign has developed companywide standards that enable divisions to measure their speed in completing and shipping orders. Joe Michael, vice president of customer service and logistics, says that before the drive began, "each sector had a different slant on what was important" to serve customers.

Despite the frequent loss of jobs from recentralizing field functions, companies say remaining employees often benefit. General Dynamics Corp., for instance,

used to employ 53 people to administer 15 matched-savings plan. It cut that number to 15 by installing a computer-based phone service several years ago. But now, employees can change their savings plans faster and with fewer errors, says Roger Groh, General Dynamics' corporate director of employee benefits.

Technology is granting some companies the virtues of central control while letting them retain the "personal" touch of a decentralized organization. But new technology isn't without drawbacks. At Levi Strauss, Mr. Eaton says that integrating six computer systems will take six years—twice the time expected. Two reasons: the need to get divisions' technical agreement about the new system and the need to retrain everyone.

"It shows you how important a decision to move in one direction can be," Mr. Eaton says. "Believe me, though, getting back together is harder than cutting."